

P 140738Z DEC 09
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC PRIORITY 4440
INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 002292

SIPDIS

E.O. 12958: DECL: 12/08/2019

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SUBJECT: BANKING REFORM CONTINUES BUT IS NARROWLY FOCUSED

REF: CAIRO 002189

- 1.(SBU) Key points: --The GOE's second phase banking sector reform program aims to consolidate the gains made during first phase of reforms whi
- 2.(SBU) On 17 November, econoff met with Lobna Helal, head of the Central Bank of Egypt,s Banking Reform Unit to discuss the Central Bank of Eg
- 3.(SBU) The first phase of the CBE,s reforms (2004 to 2008) recapitalized, consolidated, and partly privatized the banking sector. This reduced
- 4.(SBU) Financial sector reform, including those in the banking sector, are part of the Nazif government,s broad economic reform program that t
- 5.(SBU) The second phase is focused on strengthening bank regulation to improve corporate governance and domestic bank risk assessment and mana
- 6.(SBU) Helal told us that the CBE is trying to improve access to finance for small and medium businesses which the GOE sees as a way to signif
- 7.(SBU) Helal said the CBE had no intention of privatizing any more banks. She said the current banking structure of roughly 40% public commerc
- 8.(SBU) The public sector banks are improving their efficiency in part by creating a better workforce through increased turnover and changing t
- 9.(SBU) Helal told us that the CBE was still planning to divest its shares in the British Arab Commercial Bank and the United Bank in 2011 thrc
- 10.(C) Helal's comment to us that the CBE has no intention of privatizing the three state-owned commercial banks is not a good sign for potenti
- 11.(C) Creating a moveable asset registry is a good way to allow a larger part of the population access to loans, but without a significant imp